

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL & GAS DOCKET NO. 20-0298371

IN RE: P-5 ORGANIZATION REPORT OF FORMATION RESOURCES LLC

FINAL ORDER

The Commission finds that after notice and an opportunity for hearing regarding the captioned matter, the Operator failed to request a hearing and pay the hearing fee as required by 16 TEX. ADMIN. CODE §3.15(g)(4) and TEX. NAT. RES. CODE §89.022(f). This matter having been duly submitted to the Railroad Commission of Texas at conference held in its offices in Austin, Texas, the Commission makes the following findings of fact and conclusions of law.

FINDINGS OF FACT

1. Formation Resources LLC [Operator #276936] (the "Operator"), is the record operator or one or more inactive wells in the State of Texas and is required to file Organization Report (Form P-5) with the Commission. Operator's most recent P-5 was due on or before May 1, 2015.
2. After filing its most recent Organization Report (Form P-5) with the Commission, the Operator was notified they were deficient and had failed to comply with the requirements of 16 TEX. ADMIN. CODE § 3.15 (Surface Equipment Removal Requirements and Inactive Wells) and provided with a written statement of the reasons for the determination and allowed ninety (90) days from the date its P-5 was due to comply with the requirements of 16 TEX. ADMIN. CODE § 3.15 and TEX. NAT. RES. CODE §§89.021 - 89.030.
3. After the expiration of ninety (90) days and pursuant to 16 TEX. ADMIN CODE §3.15(g)(4), an authorized Commission employee determined that the Operator's Organization Report still could not be renewed because the Operator continued to fail to comply with the requirements of 16 TEX. ADMIN. CODE §3.15 (Surface Equipment Removal Requirements and Inactive Wells).
4. The Commission sent the Operator a letter by certified mail giving notice to the Operator of the determination of continued non-compliance regarding specified inactive wells, attached as Exhibit A to this order, and advising the Operator of the right to request a hearing to show compliance. The letter notified the Operator that the hearing request must be received in docket services no later than 30 days after the date of the letter. The letter also notified the Operator that a final order denying renewal of the Operator's Organization Report (Form P-5) would result in the cancellation of all P-4 Certificates of Compliance and the severance of all pipeline or other carrier connections.

5. All notices and letters from the Commission to the Operator on this matter were addressed and mailed to the Operator's most recently reported address on the Form P-5 Organization Report.
6. The Operator did not timely request a hearing and pay the hearing fee on these issues as required under 16 TEX. ADMIN. CODE §3.15(g)(4) (Surface Equipment Removal Requirements and Inactive Wells).
7. Statewide Rule 15 (16 TEX. ADMIN. CODE §3.15) is a Commission rule that relates to safety or the prevention or control of pollution.

CONCLUSIONS OF LAW

1. The Operator received proper notice and an opportunity for hearing regarding compliance with 16 Tex. Admin. Code §3.15 and Tex. Nat. Res. Code §§89.021 - 89.030.
2. All things necessary to the Commission attaining jurisdiction over the subject matter and the parties in this matter have been performed or have occurred.
3. The Operator is in violation of Commission Statewide Rule 15 and did not timely request a hearing to contest the determination that it was in violation.
4. The Operator's P-5 Organization Report should not be renewed and all of the Operator's P-4 Certificates of Compliance should be cancelled, with all related pipeline or other carrier connections severed. 16 Tex. Admin. Code §3.15 (g)(4) and Tex. Nat. Res. Code §§89.022(f), 91.704 - 91.706.
5. The Operator's P-5 Organization Report cannot be renewed until the operator brings the inactive wells shown on the attached Exhibit A into compliance with the requirements of 16 Tex. Admin. Code §3.15 and Tex. Nat. Res. Code §§89.021 - 89.030.

IT IS ORDERED that renewal of Formation Resources LLC's P-5 Organization Report is hereby **DENIED**.

It is further ORDERED that all P-4 Certificates of Compliance issued to Formation Resources LLC as operator of record are hereby **CANCELLED** and all related pipeline or other carrier connections are hereby **SEVERED**.

It is further ORDERED that Formation Resources LLC shall bring the wells on Exhibit A into compliance with Statewide Rule 15 (16 TEX. ADMIN. CODE §3.15) and that the Operator's P-5 Organization Report shall not be renewed until the wells on Exhibit A have been brought into compliance as required by this order.

It is further ORDERED that Formation Resources LLC and each person who held a position of ownership or control in the Operator at the time the Operator's most-recent P-5 Organization Report was filed shall be subject to the terms of TEX. NAT. RES. CODE §91.114.

It is further ORDERED by the Commission that this order shall not be final and effective until 20 days after a party is notified of the Commission's order. A party is presumed to have been notified of the Commission's order three days after the date on which the notice is actually mailed. If a timely motion for rehearing is filed by any party at interest, this order shall not become final and effective until such motion is overruled, or if such motion is granted, this order shall be subject to further action by the Commission. Pursuant to TEX. GOV'T. CODE §2001.146(e), the time allotted for Commission action on a motion for rehearing in this case prior to its being overruled by operation of law, is hereby extended until 90 days from the date the parties are notified of the order.

All requested Findings of Fact and Conclusions of Law which are not expressly adopted herein are **DENIED**. All pending motions and request for relief not previously granted or granted herein are **DENIED**.

RAILROAD COMMISSION OF TEXAS

(Signatures affixed by Rule 15 Inactive Well
Master Order dated October 20, 2015.)

API Number	District	ID Number	Lease Name	Well Number
057 00469 No approved W-3X on file	02	038893	BOYD, H. C.	1
057 00472 No approved W-3X on file	02	03332	BOYD, C. H.	4
057 00473 No approved W-3X on file	02	033749	BOYD, C. H.	5
057 00478 No approved W-3X on file	02	151889	SHOFNER, W.A.	2
057 00479 No approved W-3X on file	02	044475	SHOFNER, W. A.	3
057 00480 Electricity must be disconnected (certify on Form W-3C) No approved W-3X on file	02	03339	SHOFNER, W. A., ESTATE	4
057 00481 No approved W-3X on file	02	03339	SHOFNER, W. A., ESTATE	5
057 00482 No approved W-3X on file	02	03343	SHOFNER, W. A., ESTATE	6A
057 00497 No approved W-3X on file	02	03335	KEY, J. T.	2
057 00497 No approved W-3X on file	02	152530	KEY, J. T.	2
057 00500 No approved W-3X on file	02	03338	MICHOT, KATE B., MRS.	1
057 00501 No approved W-3X on file	02	077388	MICHOT, MRS. KATE B.	2
057 00503 No approved W-3X on file	02	03336	LEVINGSTON, A.	1
057 00504 No approved W-3X on file	02	134156	BOYD, ALEX	1
057 00505 No approved W-3X on file	02	134157	BOYD, ALEX	2
057 00506 No approved W-3X on file	02	034229	BOYD, ALEX	3 U
057 00506 No approved W-3X on file	02	033747	BOYD, ALEX	3 L
057 00509 Production fluids must be purged (certify on Form W-3C) No approved W-3X on file	02	231505	BOYD, CHARLIE H.	1

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Exhibit A

API Number	District	ID Number	Lease Name	Well Number
057 00510 No approved W-3X on file	02	170016	GAS UNIT #1 (F-2 SAND)	2
057 00511 No approved W-3X on file	02	151661	BOYD, HENRY C.	3
057 00511 No approved W-3X on file	02	09382	HENRY C. BOYD	3FR
057 00513 No approved W-3X on file	02	183155	BOYD, FRANK	1
057 00514 No approved W-3X on file	02	03337	MAXWELL, MAUDE B., MRS.	1FR
057 00516 No approved W-3X on file	02	03337	MAXWELL, MAUDE B., MRS.	3
057 00525 No approved W-3X on file	02	134155	SHOFNER, W. A.	13
057 01312 No approved W-3X on file	02	03339	SHOFNER, W. A., ESTATE	14
239 32450 No approved W-3X on file	02	151425	BURDITT, LOUISE	2

INSUFFICIENT PROGRESS ON 10-YEAR INACTIVE WELLS: For wells shut-in at least 10 years as of September 1, 2010, operators were given five years to address the surface equipment removal requirements. For your Organization Report renewal on MAY 1, 2015, Rule 15(i) requires that you be at least 80% complete with this process. Current W-3C records indicate that you have not met this requirement (63% of your phase-in wells show that you have completed the surface cleanup). Your Organization Report renewal cannot be approved until you have met this requirement and have filed the appropriate Commission forms to update our records.

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Exhibit A